



# Australian Bureau of Statistics

## 1350.0 - Australian Economic Indicators, May 2007

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### EXPLANATORY NOTES

#### INTRODUCTION

Explanatory Notes in the form found in other ABS publications are not included in Australian Economic Indicators. Readers are directed to the Explanatory Notes contained in related ABS publications.

Australian Economic Indicators presents a statistical summary of the Australian economy, together with international comparisons of selected economic indicators. Except for the special February issue, it also includes commentaries, articles and technical notes. Australian Economic Indicators has been developed primarily as a reference document, providing a broad basis for economic analysis and research.

The tables contain mainly ABS data, although data from other sources are included. For ABS sourced data, the publication name and catalogue number are included in the footnotes of the tables. If the data are from other sources, the source organisation's name is included in the footnotes.

#### MOST RECENT DATA

The statistics shown are the latest available as at 18 April 2007.

#### RELATED PUBLICATIONS

A list of related publications is included in each chapter under the table of contents. These include publications which are the source of the data in the tables and other related publications.

Other useful sources of detailed information are the 'Concepts, Sources and Methods' and classification publications. These are released irregularly, each relating to a specific publication, collection or standard classification. The publications most relevant to Australian Economic Indicators include:

- Australian and New Zealand Standard Industrial Classification (ANZSIC), cat. no. 1292.0
- Classification Manual for Government Financial Statistics, Australia, cat. no. 5514.0
- Australian National Accounts: Concepts, Sources and Methods, cat. no. 5216.0
- Balance of Payments and International Investment Position, Australia: Concepts, Sources and Methods, cat. no. 5331.0
- Labour Statistics: Concepts, Sources and Methods, cat. no. 6102.0.55.001

- Labour Price Index: Concepts, Sources and Methods, cat. no. 6351.0.55.001
- Australian Consumer Price Index: Concepts, Sources and Methods, cat. no. 6461.0.

## **SEASONALLY ADJUSTED AND TREND ESTIMATES**

Series in this publication include original, seasonally adjusted and trend series. Special care should always be taken in interpreting data for the most recent months and quarters. Some of the original and all of the seasonally adjusted and trend series are subject to revision.

It is not uncommon for movements in original time series data and those provided from seasonally adjusted and trend series to differ significantly. Movements in a time series of original data may reflect several factors, including:

- longer-term changes in the item being measured (i.e. trend movements)
- short-term irregular changes
- regular seasonal influences
- normal 'trading', 'working' or 'pay' day patterns
- systematic holiday effects.

Seasonal adjustment and trend estimates help the user to identify the effect of these influences on the time series. Seasonal adjustment removes the effect of the last three listed influences from the data, leaving only the trend and short-term irregular movements. Trend estimates are then obtained by removing the effects of the short-term irregularities, which in many series can be a major contributor to movements in the original data. By comparing the historical trend series with the seasonally adjusted series, the user can identify the short-term irregularities which have influenced the original series.

Trend estimates produced by the ABS are based on Henderson Moving Averages, and are therefore subject to revision especially for the latest few months or quarters.

The general methods used in the ABS for making seasonal adjustments are described in Seasonally Adjusted Indicators, Australia 1983 (cat. no. 1308.0). The method used to estimate trends is described in Information Paper: A Guide to Smoothing Time Series - Estimates of Trend (cat. no. 1316.0).

### **Concurrent seasonal adjustment and trend estimates**

The ABS has introduced the use of concurrent seasonal adjustment to derive the combined adjustment factors for the Retail Series. This means that data from the current month are used in estimating seasonal and trading day factors for the current and previous months. Concurrent adjustment can result in revisions each month to estimates for earlier periods. However, in most instances, the only noticeable revisions will be to the combined adjustment factors for the current month, the previous month and the same month a year ago. As a result of the concurrent seasonal adjustment the trend estimates are also concurrently estimated.

## **CHAIN VOLUME MEASURES**

The chain volume measures appearing in this publication are annually-reweighted chain Laspeyres indexes referenced to the current price values in a chosen reference year (i.e. the year when the quarterly chain volume measures sum to the current price annual values). Chain Laspeyres volume measures are compiled by linking together (compounding) movements in volumes, calculated using the average prices of the previous financial year, and applying the compounded movements to the current price estimates of the reference year. Quarterly chain volume estimates are benchmarked to annual chain volume estimates, so that the quarterly estimates for a financial year sum to the corresponding annual estimate.

Chain volume measures are not generally additive. In other words, in general, component chain volume measures do not sum to a total in the way original current price components do. In order to minimise the impact of this property, the ABS uses the latest base year as the reference year (i.e. the year prior to the latest complete financial year). By adopting this approach, non-additivity does not exist for the quarters following the reference year (currently 2004-05) and is relatively small for the quarters in the reference year and the quarters immediately preceding it. The latest base year and the reference year will be advanced one year with the release of the June quarter Australian National Accounts (Australian Economic Indicators, October issue). A change in reference year changes levels but not growth rates, although some revision to recent growth rates can be expected because of the introduction of a more recent base year (and revisions to the current price estimates underlying the chain volume measures).

## **OTHER USAGES**

Columns in bold in the tables indicate a total. Columns usually sum from the left, with the total appearing on the right. A major exception is the balance of payments and international investment position data in Chapter 2. These data sum from the right with the total appearing on the left - in keeping with the international standard for these statistics. Some tables include subtotal columns and columns which need to be subtracted to obtain the total. Where this is not clear a footnote explains the relationship between the columns.

Columns in italics indicate that seasonally adjusted or trend estimates are not available for that column, and original data are provided instead.

Yearly periods shown as, e.g. 2005-06, refer to the fiscal year ended 30 June 2006.

Where figures have been rounded, discrepancies may occur between sums of the component items and totals. Percentage changes may not be exactly comparable to tabulated source series due to rounding of the source series, the percentage change series or both.

## **METRIC PREFIXES**

Deca (da) = ten

Hecto (h) = hundred

Kilo (k) = thousand

Mega (M) = million

Giga (G) = thousand million

Tera (T) = million million

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### ABBREVIATIONS

The following symbols and abbreviations are used in this publication:

'000	thousand
\$m	million dollars
ABARE	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
ADP	Automated Data Processing
AHECC	Australian Harmonised Export Commodity Classification
ANZSIC	Australian and New Zealand Standard Industrial Classification
ASEAN	Association of South-East Asian Nations
ASX	Australian Stock Exchange
b	billion (one thousand million)
cat. no.	catalogue number
c.i.f	cost, insurance and freight
CNW	Change in Net Worth
CPI	Consumer Price Index
EU	European Union
excl	excluding
fob	free on board
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GFS	Government Finance Statistics
kWh	kilowatt hours
LPG	liquid petroleum gas
Mm <sup>3</sup>	millions of cubic metres
Mt	mega tonne
NBFI	Non-bank Financial Intermediaries
n.e.c.	not elsewhere classified
n.e.s	Not elsewhere specified
NLB	Net Lending/Borrowing
NOB	Net Operating Balance
NW	Net Worth
OECD	Organisation for Economic Co-operation and Development
PFC	Public Financial Corporations
PGFCF	Private Gross Fixed Capital Formation
PNFC	Public Non-financial Corporations
RBA	Reserve Bank of Australia
S&P/ASX 200	Standard and Poor's Australian Stock Exchange top 200
SITC	Standard International Trade Classification
SUV	Sport Utility Vehicles
TFI	Total Factor Income

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